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Oregon considers anti-steering legislation

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Automotive Body Repair News

Oregon has joined the growing list of states now considering anti-steering legislation. In February, a bill was introduced in the Oregon state senate that would prohibit insurers from suggesting or recommending a collision repair shop unless the customer requested the referral, and would require insurance companies to inform customers of their right to choose a shop.

The bill would also prohibit insurers from limiting or discounting "reasonable repair costs" if the customer chooses a shop other than the one recommended by the insurance company.

Senate Bill 523 was introduced by Democratic Senator Floyd Prozanski of Eugene, who heads the Senate Commerce Committee, and has the support of a statewide group of independent auto collision repair shops called Oregonians for Safe Auto Repair (OSAR).

According to OSAR, the bill also has the support of the Oregon Attorney General, Hardy Myers.

"There has been a groundswell of body shops and consumers finding themselves the victims of steering practices and policies," says Jim Marr, OSAR's lead lobbyist and director of the group's political action committee (PAC).

Under the terms of the bill, an insurance company would not be able to recommend a repair shop "unless the insured expressly requests a referral from the insurer." If the customer elects to have the vehicle repaired at a shop other than the recommended repairer, the insurance company "may not limit or discount reasonable reimbursement costs based on charges that would have been incurred had the vehicle been repaired by the insurer's recommended shop."

Insurance companies must also provide written notice of the customer's right to have their vehicle fixed at the shop of their choice within five calendar days of providing an oral recommendation.

Existing Oregon law says that insurance companies cannot dictate where an insured vehicle is repaired.

"What our bill does is reinforce the current statute, confirming that consumers are the only party authorized to choose a repair shop," says Marr.

The Oregon legislature considered a different type of disclosure bill during the 2005 session that put the onus on body shops to display signage indicating whether or not they had preferred provider contracts with specific insurance companies. Although the bill was moved out of committee, it never received a floor vote.

A number of states have passed tougher anti-steering bills in the past few years, including California, Colorado and Massachusetts. These laws, however, are notoriously difficult to enforce, in part because few consumers file complaints about steering practices, and many existing laws don't impose significant penalties for violations.

The Oregon bill also lacks enforcement or penalty language, but Marr isn't ruling out activities on that front in the future.

"It's important for the industry to first demonstrate that the problem exists, and allow lawmakers to further the protections under the current law," Marr says. "We would be in favor of sanctions for insurers if we are still seeing the high number of complaints, and still have issues on the part of the small and medium-sized shops. That would be the next logical step."

Earlier this month in Missouri, Senator Wes Shoemyer introduced similar legislation (SB709) that would make steering to specific shops by an insurance company illegal. The bill would also prohibit adjusters to change an estimate without physically inspecting a vehicle.

That bill has the support of the Alliance of Automotive Service Providers of Missouri, the Society of Collision Repair Specialists of Missouri/Kansas and the Automotive Service Association of Missouri/Kansas.

The current bill in Oregon received a hearing on March 5, where members of the collision industry and representatives for the insurance industry testified. Based on input from the Commerce Committee members, Marr and other lobbyists are revising the bill to strengthen some of its provisions.

Democrats, who hold a majority in the Oregon Senate and House, currently dominate the Senate Commerce Committee.

For more information, visit <http://oregoniansforsafeautorepair.com/>.